

Message Text

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44

ACTION AF-07

INFO OCT-01 EUR-12 IO-10 ISO-00 INT-05 GSA-01 AID-05

CIAE-00 COME-00 EB-04 FRB-01 INR-05 NSAE-00 RSC-01

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R 130930Z NOV 74

FM AMEMBASSY BUJUMBURA

TO SECSTATE WASHDC 4554

INFO AMEMBASSY BRUSSELS

AMEMBASSY BUCHAREST

AMCONSUL BUKAVU POUCH

AMEMBASSY DAR ES SALAAM

AMEMBASSY KIGALI POUCH

WLEMBASSY KINSHASA 1845

AMCONSUL LUBUMBASHI POUCH

AMEMBASSY NAIROBI

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION USUN NEW YORK

AMCONSUL JOHANNESBURG

C O N F I D E N T I A L BUJUMBURA 0724

E.O. 11652: GDS

TAGS: EMIN, EINV, DTRD, BY

SUBJECT: UPDATE ON EFFORTS TO FORM NICKEL CONSORTIUM IN BURUNDI

REF A BUJUMBURA 5181 (NOTAL, B. BUJUMBURA 655 (NOTAL)

1. ALBERT AUCLAIR, REPRESENTATIVE AT LUBUMBASHI OF US ENTREPRENEUR
MAURICE TEMPELSMAN, TOLD EHBASSY NOVEMBER

12 THAT TEMPLESMAN'S EFFORT

TO FORM A CONSORTIUM FOR EXPLOITATION OF NICKEL DEPOSITS DISCOVERED

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BY

UNDP TEAM WAFCSOMEWHAT BEHIND SCHEDULE. MAIN REASON WAS THAT TEMPELSMAN HAD BEEN UNABLE TO OBTAIN A COPY OF AUGUST 31 REPORT BY UNDP TEAM OF ITS FINDINGS, AND THIS DELAYED DECISION ON PARTICIPATION BY POTENTIAL CONSORTIUM MEMBERS. RUNDOWN OF SALIENT POINTS BY AMCONSUL LUBUMBASHI (BASED ON REF A) HAD BEEN ENCOURAGING BUT INSUFFICIENT. DESCRIBING REF B, WE CONFIRMED THAT PROSPECTS ARE LOOKING EVER BRIGHTER, BUT WE DID NOT RPT NOT ACKNOWLEDGE THAT US GOVERNMENT HAS COPY OF REPORT. I TOLD AUCLAIR THAT NEW GRB PLANNING CHIEF BIHUTE HAD TOLD ME NOVEME4 09 THAT HE EXPECTED WOULD-BE CONSORTIUM TO MEET IN BUJUMBURA IN JANUARY, AND AUCLAIR SAID HE WOULD TRY FERRET OUT BASIS FOR BIHUTE'S UNDERSTANDING.

2. ANOTHER PROBLEM IS THAT ROMANIANS HAVE NOT YET RECEIVED A LETTER FROM THE GRB SPECIFICALLY STATING THAT BURUNDI WANTS ROMANIA IN CONSORTIUM AND WILL RELEASE BUCHAREST FROM EARLIER PROMISES TO DEVELOP DEPOSITS ALL ON ITS OWN. TEMPELSMAN IS SATISFIED, HOWEVER, ON BASIS BLAIR SEPT VISIT TO BUCHAREST THAT ROMANIAN AUTHORITIES ARE QUITE PLEASED WITH NEW ARRANGEMENT. VICE FONMIN KARENZO HAS AUSTBEEN APPOINTED AMBASSADOR TO UNSPECIFIED COUNTRY, AND WE BELIEVE HE MAY BE HEADED TO ROMANIA, WHICH, IF TRUE, WOULD PROBABLY FACILITATE NICKEL PROJECT COORDINATION.

3. A THIRD DIFFICULTY, ACCORDING TO AUCLAIR, IS TODAY'S TIGHT WORLD MONEY MARKET, ESPECIALLY FOR INVESTMENT IN AFRICA. (HE NOTED THAT EVEN IN ZAIRE, WHERE CONDITIONS FOR IMPLEMENTATION ARE GREATLY SUPERIOR TO HERE, THE COPPER-COBALT CONSORTIUM BEING PUT TOGETHER BY TEMPELSMAN IS STILL \$65 MILLION SHORT OF ITS GOAL, DESPITE AVAILABILITY OF OIL MONEY THROUGH PARTICIPATION OF AMOCO MINING COMPANY.) IT MAY THUS BE NECESSARY TO INVITE A CAPITAL-RICH OIL COMPANY TO JOIN IN BURUNDI NICKEL CONXORTIUM. THE ORIGINALLY ESTIMATED INITIAL INVESTMENT OF \$5 TO 10 MILLION FOR A FEASIBILITY STUDY WOULD NOW BE CLOSE TO \$10 MILLION. HE EXPECTED THAT THERE WOULD DUPLICATION OF UN TEAMS RESEARCH AND DRILLING, BUT HOW MUCH MIGHT DEPEND ON CONTENTS OF THE AS-YET UNSEEN REPORT.

4. BASED ON EXPERIENCE IN ZAIRE, WHERE CONSORTIUM HAS SEVEN PARTNERS, TEMPELSMAN WOULD LIKE TO KEEP BURUNDI CONSORTIUM DOWN TO FIVE PARTNERS AT MOST. IN ADDITION TO AMERICAN (ALLEGHENY-LUDLUM), BRITISH (CHARTER CONSOLIDATED), AND ROMANIAN GOVERNMENT

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PARTICIPATION, AUCLAIR PREDICTS THAT TEMPELSMAN WILL BOW TO HEAVY GRB PRESSURDATO INCLUDE THE FRENCH (LE NICKEL), SINCE LE LICKEL HAS NOW OVERCOME SERIOUS FINANCIAL PROBLEMS, AND SINCE ITS INCLSION WOULD PROBABLY MEAN LESS TROUBLE IN THE LONG RUN THAN THEIR EXCLUSION. THE GRB HAS ALSO PUSHED FOR CANADIAN, JAPANESEBN AND ITALIAN MEMBERSHIP, AND TEMPELSMAN HAS EVEN TALKED WITH JAPANESE, BUT AUCLAIR DOUBTS VERY MUCH THAT THEY OR CANADIANS WILL BE INCLUDED. ITALIANS, HOWEVER, ARE A

DIFFERENT

STORY, SINCE, HAVING GRANTED BURUNDI \$3 MILLION LOAN (BUJUMBURA
630 NOTAL) FOR HYDROELECTRIC STATION TECHNICAL STUDY, WHICH IS
ALREADY WELL UNDERWAY BY SAME FIRM BUILDING INGA DAM PROJECT
IN ZAIRE, ITALIANS HAVE FOOT IN DOOR FOR SIZABLE SHARE OF
EVENTUAL FACILITY CONSTRUCTION HERE. INVESTIGATION OF ITALIJS
ACTIVIIES IS IN FACT MAJOR ASPECT OF AUCLAIR'S CURRENT TRIP
TO BURUNDI. MARK

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